



# Vectren's 2007-2008 Winter Outlook

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# Service territory

## Vectren Energy Delivery of Indiana – North

- 565,000 gas customers

## Vectren Energy Delivery of Indiana – South

- 112,000 gas customers
- 141,000 electric customers





# Gas purchasing strategy

## Objectives

- Mitigate price volatility for the gas sold to customers
- Purchase reliable gas supply

## Targets

- Hedge 60% of annual purchases and at least 75% of winter deliveries to customers

## Components

- Storage Gas
- Advance Purchases
- Financial Hedges
- Market Purchases in Month of Delivery



## Sources of supply for winter deliveries

	<u>Vectren North</u>	<u>Vectren South</u>
Winter Season		
Storage	41%	40%
Advance Purchases	35%	40%
Market Purchases	24%	20%
System Supply Normal Demand	45.5 BCF	7.9 BCF
Peak Day		
Flowing	36%	40%
Storage	51%	60%
Propane/Peaking	13%	0%
System Supply Peak Day Demand	818,603 dth	180,842 dth



## Advance Purchases through August 2008

### Vectren North

Quarter	<u>Sept-Nov 07</u>	<u>Dec - Feb 08</u>	<u>Mar - May 08</u>	<u>Jun - Aug 08</u>
FIXED VOLUME	4,874,030	6,460,265	980,033	450,018
PERCENT FIXED	89%	49%	20%	10%
TARGET	75-100%	40-75%	20-50%	10-30%
AVERAGE PRICE	\$6.4448	\$7.7418	\$7.6084	\$6.4733

### Vectren South

Quarter	<u>Sept-Nov 07</u>	<u>Dec - Feb 08</u>	<u>Mar - May 08</u>	<u>Jun - Aug 08</u>
FIXED VOLUME	1,340,036	1,359,899	340,015	150,016
PERCENT FIXED	79%	51%	21%	11%
TARGET	75-100%	40-75%	20-50%	10-30%
AVERAGE PRICE	\$7.5292	\$8.8101	\$8.5731	\$7.5683

**Note: Advance purchase volumes hedged as of 10/12/07.**



## Current status of Vectren storage

	<u>Vectren North</u>	<u>Vectren South</u>
Company Storage	96%	93%
Contract Storage	90%	86%
Total Storage		
Contract Capacity	23.9 BCF	3.9 BCF
Normal Winter		
Season Withdrawals	18.9 BCF	3.3 BCF

Denotes Percent of Full Storage Quantity as of 9/30/2007





# Vectren North summary of services

Vectren Energy Delivery North Nov - Oct (Volumes in Dth)					Nov '07 - Mar '08 30	April-08 30	May '08 - Sept '08 31	October-08 31
Flowing Supply	Contract #	SCQ	Expiration Date	System	MDQ	MDQ	MDQ	MDQ
PEPL	ADS 11		see note 1 below	NE	195,115	155,115	155,115	155,115
	ADS 12	9,099,120	see note 2 below	NE	100,000	10,000	0	10,000
	WDS 6		March 31, 2009	NE	8,132			
TGT	ADS 7	990,672	October 31, 2009	NE	32,415	15,997	0	22,690
	ADS 6	1,981,333	October 31, 2009	Central	19,458	7,787	7,787	7,787
	ADS 6		October 31, 2009	TH	27,023	22,431	22,431	22,431
	ADS 6	1,981,333	October 31, 2009	Central	36,788	33,712	0	47,133
	ADS 6		October 31, 2009	TH	30,318	11,200	0	11,200
	ADS 9		March 31, 2009	South	20,000	10,000	10,000	10,000
	ADS 10		October 31, 2011	South	15,192	11,066	11,066	11,066
	ADS 10	1,168,151	October 31, 2011	South	26,495	17,417		22,716
TETCO	ADS 13	213,750	April 30, 2009	Greensburg	3,563	3,563	3,563	3,563
	ADS 14		October 31, 2008	Greensburg	3,810	3,810	3,810	3,810
MGT	ADS 5		May 31, 2008	Central	8,000	8,000	8,000	8,000
ANR (Actual PEPL)	WDS 2	4,476,000	March 31, 2019	NE/Central/G'burg	59,000	29,000	29,000	29,000
TGT	PSS ^		March 31, 2009	Central	75,000			

**Note 1:** Expiration for 66,540 winter / 26,540 summer of this svc is 3/31/09.  
Expiration for 38,572 of this svc is 3/31/13.  
Expiration for 51,431 of this svc is 3/31/15.  
Expiration for 38,572 of this svc is 3/31/17.

**Note 2:** Expiration for 5,059,200 of this svc is 3/31/09.  
Expiration for 1,346,640 of this svc is 3/31/13.  
Expiration for 1,346,640 of this svc is 3/31/15.  
Expiration for 1,346,640 of this svc is 3/31/17.

^ December through February only



# Vectren South summary of services

Vectren Energy Delivery South								
Nov '07 - Oct '08								
(Volumes in Dth)								
					<u>Nov '07 - Mar '08</u>	<u>April-08</u>	<u>May '08 - Sept '08</u>	<u>October-08</u>
					30	30	31	31
<u>Flowing Supply</u>								
	<u>Contract #</u>	<u>SCQ</u>	<u>Expiration Date</u>	<u>System</u>	<u>MDQ</u>	<u>MDQ</u>	<u>MDQ</u>	<u>MDQ</u>
Texas Gas	ADS 1		March 31, 2009	Evansville	9,334	11,682	11,682	9,334
Texas Gas	ADS 1	499,971		Evansville	19,166	-	-	19,166
Texas Gas	ADS 2		March 31, 2009	Evansville	17,000	17,000	17,000	17,000
Midwestern	ADS 3		March 31, 2009	Evansville	50,000	50,000	50,000	50,000
TETCO	ADS 7		October 31, 2012	Evansville	2,080	2,080	2,080	2,080
<u>Upstream Contracts</u>								
Oho Valley Hub	ADS 4		October 31, 2009		40,000	40,000	40,000	40,000







# Hurricane anxiety?





# Winter bill projections

Projections as of Oct. 9, 2007

- Vectren North – 5 to 10% decrease
  - 5-month bill averages \$660 to \$700
  
- Vectren South – Flat
  - 5-month bill averages \$635





# Payment options

## Budget Bill payment plan

- 21% of Indiana customers are enrolled
- Currently running a \$500 gift card campaign to encourage enrollment

## Payment arrangement or extension

- Extend the bill's due date or make smaller payments over an extended period
- Free for all customers



# Assistance programs

Energy assistance; 11/06 – 9/07

- Total: \$7.1 million
- 26,300 Households assisted

Universal Service Program; 11/06 – 5/07

- Total credits: \$4.6 million
- 24,000 households

Charities and Trustees; 11/06 – 9/07

- Total distributed: \$1.02 million
- 8,600 households

Share the Warmth – Sept. 07 allocation

- \$210,000 being distributed to CAP weatherization programs
- Source: Vectren funds and public donations





# Conservation Connection

**Tools and resources to help  
customers manage their bills**





# Conservation Connection (CC)

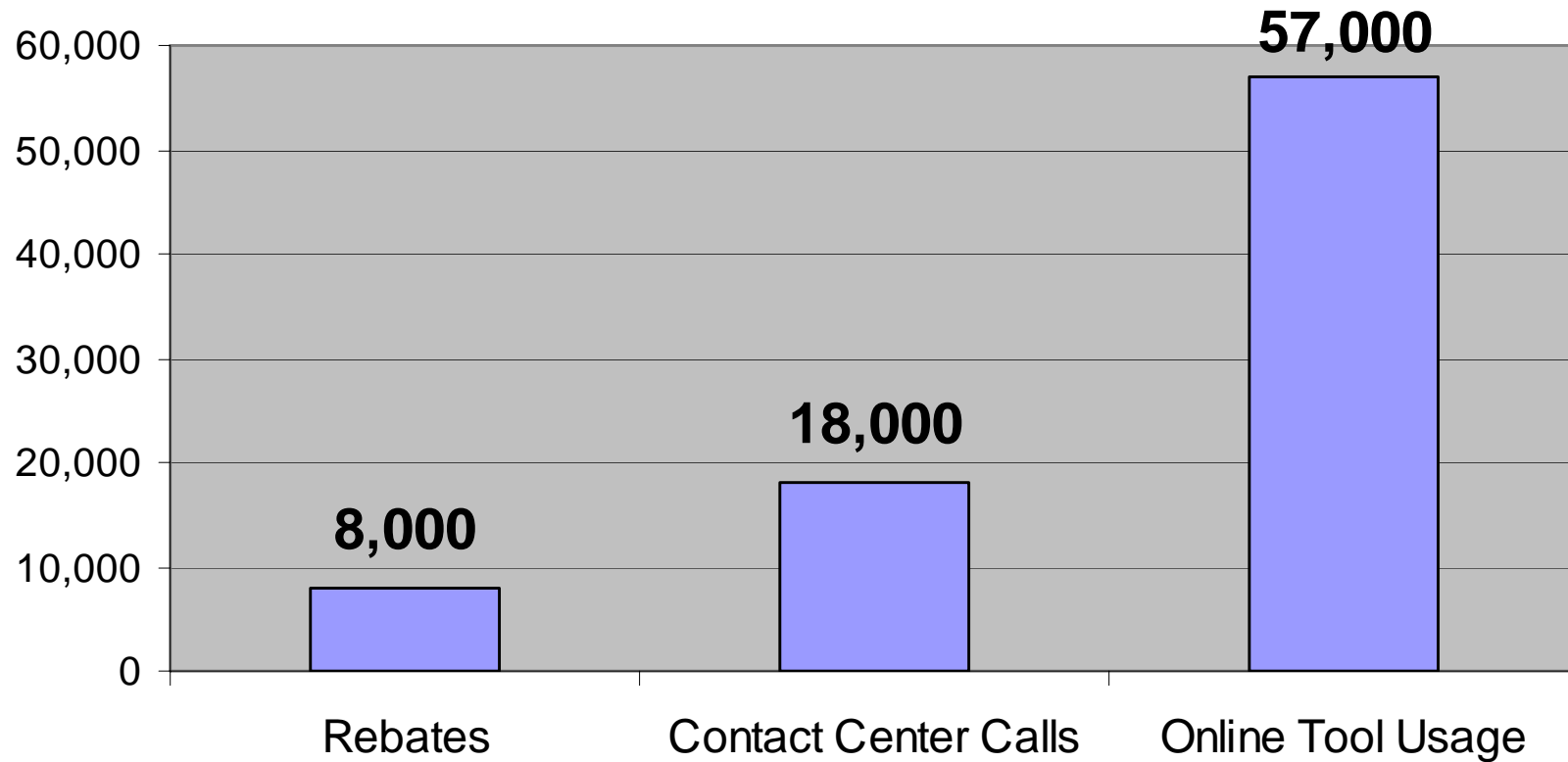
Vectren CC programs:

1. Rebates on high-efficiency natural gas appliances and products
2. Online energy audit and bill analysis tools
3. Conservation Connection call center
  - Speak with energy-efficiency experts





# Customer participation



Through 9/30/07



# Appliance rebates

High-efficiency appliances  
= **significant savings**

**\$1.25 million**  
in rebate allocations



**611,000**  
in annual estimated therm savings



**\$525,000**  
in avoided gas costs in year one





# Public education

Paid media – throughout the heating season

- Primarily TV; supplemental print and radio elements

Web promotions

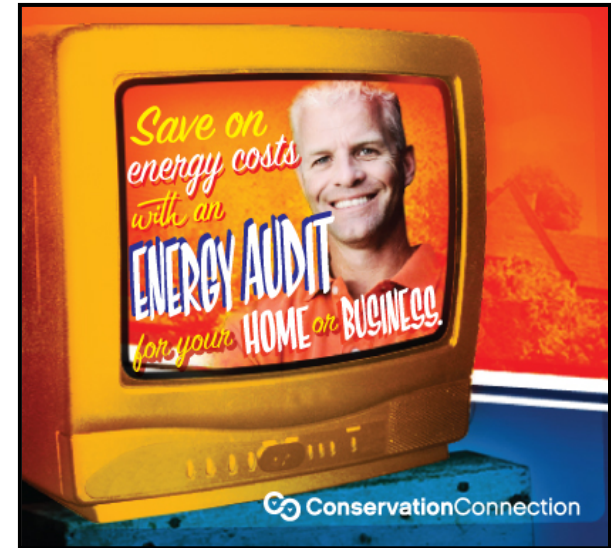
- Links/graphics; promoting energy audit and rebates

Direct communications

- emarketing, bill inserts, bill envelopes
- Energy Fairs; in Evansville, Lafayette and Terre Haute

Earned media

- Conservation programs promoted during winter bill projections



Vectren.com web graphic





# Public education

## Indirect communication — year-round

- Contractors, distributors, retail outlets/big box stores
  - Face-to-face training, fact sheets, rebate forms, point of sale materials, etc.
- Home Builders
  - Face-to-face visits, conservation materials for new home builders to give to clients
- Employees — driving culture change
  - Face-to-face training, Conservation Connection business cards, tear-away information sheets for field employees



Appliance Static Clings



# Summary

- Sustained high gas costs continue to keep bills high.
- Vectren's gas purchasing strategy continues to help mitigate price volatility.
- Payment options and assistance programs are available to customers.
- Vectren's Conservation Connection program empowers consumers to reduce consumption and their bills.





# Vectren's Winter Outlook

**[www.vectren.com](http://www.vectren.com)**

